

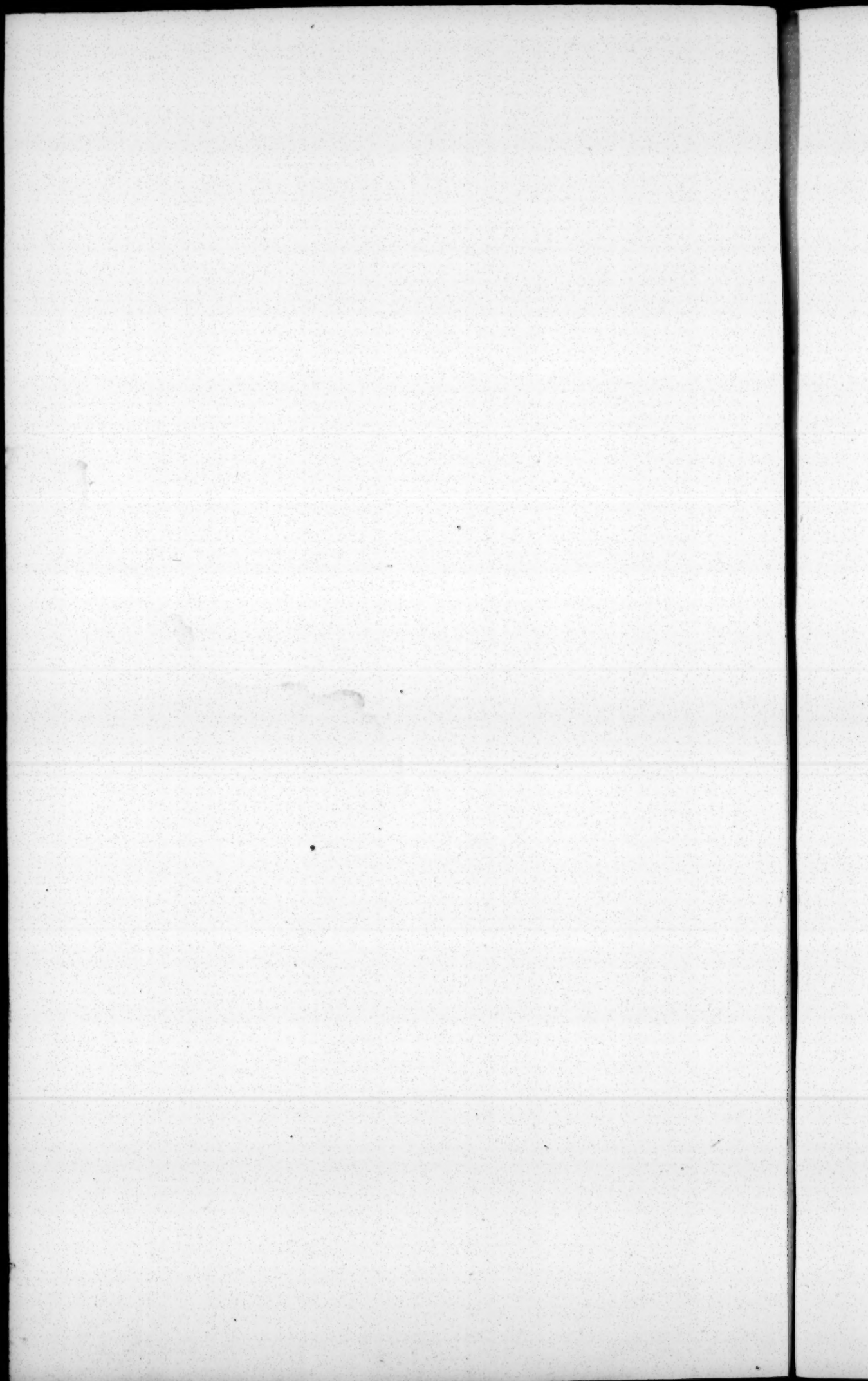
A VIEW  
OF THE  
CONTESTED POINTS  
IN  
THE NEGOTIATION  
BETWEEN  
ADMINISTRATION  
AND THE  
DIRECTORS  
OF THE  
EAST INDIA COMPANY,  
ON THE SUBJECT OF THE RENEWAL OF  
The Company's Charter;  
AS THEY STOOD ON THE NINTH OF APRIL, 1793.

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LONDON:  
PRINTED FOR J. DEBRETT, PICCADILLY;  
AND J. SEWELL, CORNHILL.

1793.

[Price One Shilling and Sixpence.]



A  
V I E W  
OF THE  
CONTESTED POINTS,  
*&c. &c.*

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THERE never was a crisis in the state and affairs of the East India Company more momentous than the present. The question they have now depending is, whether they shall continue to be lords over rich kingdoms, paying large revenues, maintaining numerous armies, yielding the most valuable articles of commerce; whether they shall continue to enjoy a regulated monopoly of the immense trade carried on between Great Britain and the East, and thus the finest commercial fleet the world ever saw, also continue to be maintained; whether the debts of the Company shall be put into a happy train of liquidation, and the dividend of the Proprietors



be, in the mean time, raised to ten *per cent.*, with the brilliant and rational prospect of an annual addition to their capital besides, and that after paying half a million yearly towards the public expence; whether the interests of the Company and the nation shall be thus cemented, and mutually consolidated: In a word, whether the Company shall continue to hold a situation far more splendid in respect to territorial dominion, commercial grandeur, vast revenues, and extensive patronage, than subjects of any other state, ancient or modern, ever enjoyed; and, indeed, such as few sovereign states could command; or whether, divested of territory and of exclusive privileges, reduced to raise a trading capital from the stockholders, exposed to innumerable rivals and disturbances in every seat of their commerce: Incapable, in short, as they would thus soon find themselves of carrying on trade—whether their affairs shall be brought to a stand, and the proprietors, instead of continuing to receive even the former dividend of eight *per cent.*, which was a profit, shall have to draw forth, by degrees, dividends upon the capital, as the assets



of the Company, depreciated by its decline, can be realized?

This is, in effect, now the question. Whatever may be said, and said even from most respectable authority, we hesitate not to declare our firm conviction, that, in the possession of an exclusive charter, are involved all those essential interests, and even the existence of the Company as an active body.

It has been suggested, that, without the aid of exclusive commerce, the territorial revenues would yield a surplus sufficient for the participation proposed between Government and the Company: But what would the Company's share of that participation be, in comparison of the advantages they now derive from the revenue? And since the State lays claim to the territory, and is itself to decide upon the claim, since the establishment of an open trade between India and Great Britain would afford a variety of new channels for the remittance of the tribute accruing to the latter

latter country, how long may we suppose the Government would think fit to continue to the Company a share of that income, in the reception of which its agency ceases to be thought necessary? Again, it has been alleged, that, with the great capital, the numerous establishments, and the long experience which the Company possess, they must be superior in every market to all the private traders who can enter into competition with them: But, besides that their capital would be extremely reduced, if they received merely an annuity from the territorial revenue, the question is not, whether the East India Company would be superior to their rivals, and might be able, by the weight of capital, to crush them; but, whether a trade so carried on would be beneficial to either party? We venture to affirm, that it would not; we venture to affirm that, if persevered in, it would end in the depression, if not the extinction, of all present contending interests, and of the greater part of the home revenue derived by the Government from the East India trade.

trade. After this, a new order of things might indeed arise. When the field should be cleared of all the first powerful competitors, a more quiet scene might remain for the humbler adventurers who should afterwards enter upon it. Trade would indeed be free, but the markets spoiled. What changes also might have taken place in the country it would not be easy to say ; but, as the result of all, we are not afraid of avowing it to be our opinion, that neither would this nation derive so much profit, nor the state so much commercial revenue, from the India trade as it does at present. Be this point, however, decided as it may, it is entirely probable that, before a decision was formed upon it, the East India Company, left with only their corporate capacity, would cease to carry on active commerce ; they would then only have to wind up their affairs, to pay off their debts, and, from subjects moveable and immoveable, to satisfy the proprietors for their shares of the capital stock. To what difficulties, disputes, delays, losses, they would thence be exposed, it cannot be necessary to state ; the case of an individual merchant, who feels himself obliged to  
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come to a stand, is a familiar, but by no means an adequate illustration of what their condition would be. The proprietors will consider what in this case the value of their stock would be, and whether, notwithstanding the actual property of the Company is held to warrant the present market price of that stock, if dividends even of eight *per cent.* ceased to be paid, and if the capital were only to be realized from the conversion of merchandise and of dead subjects into money, that stock could be disposed of even at par.

This unhappily is not the proposal of a distant visionary case. The thing is come near to us. A few weeks ago we had a prospect at once the most shining and the most real, of long and increasing prosperity ; the hopes of those who were the most sanguine, the wishes of those who were the most attached to the Company, were exceeded by it. It was a prospect which seemed to give the nation at large content. But now a dark cloud has covered all ; we see not that we shall have an exclusive charter at all ; much less that we shall have an increase of dividend, or a long participation  
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of revenue, or the continuance of commercial profit, or an assurance of any of those things which, united, raised the Company to so high a point of view, and their stock justly to such pre-eminent value. What is the cause of all this? Can we not restore the flattering prospect which was set before us? How shall the differences which have arisen be accommodated? A fair inquiry into these points is the subject of the present Tract. It is not, we conceive, enough for the India Company to say, that the national interests are so deeply concerned in the system which their Directors lay down, as that it is the part of Administration to accede to that system.— If this were indeed so (and certainly, though we cannot fully assent to that proposition, we are of the number of those who think that the interests both of the State and of the Company will be better consulted in their union, than in their disjunction), yet this is not the proper ground for them to rest their cause upon \*, and they go upon  
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\* No doubt there are very cogent arguments of a public nature for an accommodation between Government and the

arguments extraneous to the constituent body as a Company. They argue upon the supposed necessities of the other party, rather than upon the intrinsic right of their pretensions\*.

Neither can we so far forget the situation of the East India Company as to regard the negotiation between them and Government, as a negotiation between two independent powers. Both indeed have important interests depending, but the Company has its existence. The one has the power of concession; the part of the other, is, by

Company; nor have we any reason to fear that Administration will not see and respect these arguments; but the Directors, in taking this ground, seem rather to occupy the place which his Majesty's ministers must think of right to belong to them.

\* Let it not, however, be understood, in what is said here, or elsewhere, that we mean to disparage the ability, the integrity and honour which are to be found in the Court of Directors. We know that it possesses men eminent for those qualities; and in treating of public subjects with the freedom necessary for the communication of opinion, we would wish to stand remote from the imputation of being influenced by personal illiberality.

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wisdom, argument, temper, deference, conciliation, to aim at obtaining all that is really essential to the Company in a new agreement; and if their just endeavours to this end finally fail, the nation will then see and judge. In the sad reverse which has taken place in the aspect of this negotiation, we search in vain for adequate causes. We neither discover the real differences which should hinder the progress of negotiation, nor trace the first occasion of misunderstanding and alienation. Whatever these may have been, it is not our present intention to aggravate them, but rather, by a review of the negotiation, to appreciate the points in dispute, and to propose the means of accommodation.

In order to form a proper idea of the justice or injustice of the present claims made by the Court of Directors, in contradistinction to the rights contended for by Administration, in behalf of the far greater general interests of the empire, it will be necessary to take a short retrospect, and also to compare the offers held out now by Administration, with the expectations of the reasonable part

of the proprietors two years ago. We must likewise compare the claims advanced by the great manufacturing interests of Great Britain and Ireland, with the terms now proposed by Administration for their relief, and view at the same time, with a liberal eye, what is due to our subjects in the East. For several years after the commencement of the present administration, it seems to have been annually insisted upon in Parliament by opposition, when Mr. Dundas, the minister for India, brought forward his budget, that the Company were involved in debt, which every day increased; thus of course hastening on their ruin,

On the other hand, the minister for India, and his friends, argued that they were in a convalescent state, and, under the present management, would make a rapid progress to prosperity. The price of their stock, which in peace is the best criterion of public opinion, rose from being so low as 118 *per cent.* in 1784, to 190 *per cent.* in 1791, where it seemed to have found its level.

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This certainty, when compared with the national funds, proved, that the general expectation did not reach 4 *per cent.* as a permanent interest on the money invested in the Company's stock.— In 1791 Mr. Dundas, after opening the India budget, declared it as his opinion, that our affairs in the East were now in such a progressive state of prosperity as warranted him to say, “ That Britain would sooner benefit by a participation of the Indian revenue, than India would benefit by support from the revenue of Britain ; and that the day was not in his mind far distant, when the state might thus participate.” This struck the House with agreeable surprise, but by many it was supposed to be impossible. The great manufacturing interests of the kingdom have uniformly exclaimed against the Company's monopoly.— They have complained that their industry has been cramped by the Company's not extending sufficiently the exports, nor allowing others to do so. They have pressed the administration on a variety of points, according to their respective interests ; but the great majority of them seemed to



agree in this, " That there should be a free export and import trade, between the merchants of this country on the one part, and China and India on the other, in ships of their own, independent of the Company's control; and that they should have leave to send their own agents to those countries, and to employ whom they pleased."

Some of the great manufacturing towns petitioned Administration to extend our exports to India by all possible means, and to prevent the exports of India from coming here by all possible means also.

The illiberality and absurdity marking some of these petitions certainly was great; but there was also so much good sense in others of them, and arguments in favour of the state so unanswerable, that it thus became a very difficult task to support the Company in their exclusive trade, and at the same time to do justice to so many contending interests.

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Although Administration seemed much attached to the Company, and supported them in the defence they made of themselves, by shewing that their exports had been increased from 400,000l. in 1784, to 1,000,000l. in 1792, and were increasing annually, as also that the whole of their management was much improved; yet they could not entirely exculpate them. The ministers saw, with much regret, *that this country had not its natural share of the commerce with India, and an irresistible proof of this appeared in the growing clandestine trade which was carried on by English property under foreign flags.*

This trade seemed to have commenced about the year 1777, and in 1791 it is stated to have absolutely occupied 10,255 tons of foreign shipping (as appears in the Memorial in the printed papers, No. 4.), navigated principally by Englishmen, the returns on which from India clearly exceeded the returns of the Company, so that the benefit of the larger part of the Indian commerce was lost to the nation, and this of course owing  
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to some radical defect in the management of the Company. It then became a favourite object with Administration to bring the whole of this commerce to London.

The proprietors of India stock saw so many difficulties started by the mercantile interests of the kingdom to the exclusive trade, as added to the disposition which they conceived Parliament ever had to vest the territory in the state, that all they looked for was a security for their dividend of eight *per cent.*

The minister for India had never given an opinion on this consequential point ; but as he had declared in the House of Commons, " That wherever the revenues went, the debt must follow them," the most prevailing idea was, that the revenue would be taken from the Company.

Matters stood in this sort of suspense, when Mr. Dundas, early in January, made a communication to the House of Commons, to the following purport :

" That



“ That he conceived the affairs of India were now in such a flourishing state, that the nation might participate in the revenue.

“ That as the Company had run risks, and contributed so much to the prosperity of our Indian affairs, he conceived their present dividend should not only be secured to them, but also an additional interest allowed to them on their stock.

“ That the present revenue system seemed to answer very well; and as he preferred the favourable result of experience to new theories, that he should propose the territory to continue under the management of the Company.”

This of course altered the face of matters much, and gave the proprietors new and great expectations. A negotiation was commenced between the Administration and the Court of Directors, which appears in the papers numbered 1 to 5, printed by the Court of Directors for the use of the proprietors. It began with Mr. Dundas's letter to

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the Chairman, of 14th of January last, indicating his readiness to have the most full and candid discussion with the Court on all points relative to the renewal of their charter.

On the 17th January, the Court supplied Mr. Dundas with the paper inserted in No. 1. styled, "Hints for the Purpose of forming an Agreement for the Renewal of the Company's exclusive Trade."

Mr. Dundas's answer to these hints appears in the printed paper, No. 1. dated the 16th February. He there gives his unreserved opinion so far as he had then made up his mind, but of course subject to such alterations as might arise from the different Memorials and intelligence which were naturally to be looked for in the course of such a negotiation.

In the commencement of that statement he provides for this, by saying, "As I mean, in the observations I am now to offer, to submit my general ideas on the subject without concert (it not yet being matured

tured for such concert) with the rest of his Majesty's confidential servants; *I must reserve the privilege of reconsidering any of the points on which I may have occasion to give an opinion, if upon farther reflection I shall see cause to alter it in any respect.*" He afterwards enters at once so largely into the subject, and takes such comprehensive views, embracing so many different important interests, that this letter has been styled, and with apparent propriety, the basis of the whole negotiation. All the real and essential points in which the proprietors had an interest, appear in this letter to be conceded to them, and on a scale liberal beyond any expectations they had framed. After providing for the interests of their debts, and 500,000*l. per annum* in liquidation of the principal, Mr. Dundas proposes in their favour as follows :

First, To increase the capital stock one million; and to allow a dividend of ten *per cent.*; which was certainly two *per cent.* more than they expected, and this upon the whole stock, old and new.

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Secondly,



Secondly, That government should not participate until the above was first paid, and then only to the extent of 500,000*l. per annum*; after which the surplus to be appropriated in such manner as to operate as a guarantee for the capital stock of the Company.

Thirdly, The government of India, with the conduct and management of the territorial revenues, to rest with the Company, as at present.

Fourthly, Mr. Dundas had previously given it as his decided opinion, that the trade with China should rest as at present, with the Company, entirely exclusive.

Fifthly, He also agreed to continue to them the trade with India, under an exclusive charter, provided such regulations were introduced as would leave the nation no reason to complain that the exports and imports were cramped.

In short, the only terms that Mr. Dundas seems to require in this letter, in return for such  
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liberal concessions, appear in his own words as follows :

“ The second head is a consideration of great importance, and upon which there is undoubtedly great difference of opinion, but meaning frankly to throw out the opinion I at present entertain, I am free to say, that, under all circumstances, the advantages of continuing the trade under an exclusive charter do, in my judgment, greatly outweigh the force of any objections which have reached me on the subject of the Indian monopoly; and I am sanguine enough in my opinion to believe that, when the subject is canvassed to the bottom, the merchants and manufacturers of Great Britain and Ireland, who are supposed to be the most interested in the decision of this question, will concur with me in that opinion.— But in delivering this opinion, I desire to be understood as speaking of a *regulated monopoly*, by which expression I mean, that the monopoly must be so regulated as to ensure to the merchants and manufacturers the certain and ample means of exporting to India, to the full extent of the demand

mand of that country for the manufactures of this ; and likewise a certainty, that, in so far as the produce of India affords raw materials for the manufacturers of Great Britain or Ireland, that produce shall be brought home, at a rate as reasonable as the circumstances of the two countries will admit of.

“ In stating this observation, I am not bringing forward any jealousy that I personally entertain on the subject ; for the knowledge I have derived of your affairs, by the experience I have had in the government of India, has enabled me to witness the great exertions and improvements you have made in the conduct of your commerce, with a view to the very objects in question : *But the fact is notorious, that a clandestine trade, to a considerable extent, is certainly carried on between Europe and India, on a capital provided by British subjects, both in Britain and India ;* and so long as that trade continues, the public will not be satisfied that every thing has been done by the East India Company that can be done, and of course will not be satisfied with the continuance of a monopoly,

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unless



unless they are experimentally convinced, by some mode or other, that the two objects, both export and import, to which I have referred, are secured by arrangements sufficiently adequate to the purpose.

“ I certainly will not take upon me finally to form an opinion on the subject, without a full conference with you, and the Committee of the Court of Directors ; but my present sentiment is, that the essential objects to which I have referred, can only be accomplished by the East India Company's *affording an additional tonnage adequate to the exports from Britain and Ireland, and to the imports from India ;* and this must be done at a rate of freight so reasonable as to satisfy the merchants and manufacturers of this country, that the effect of the monopoly of the East India Company is not calculated to bring an unnecessary, and of course an unjust, burden on the manufacturing interest of Great Britain and Ireland. And I have the less difficulty in holding out this idea, because it is obvious that, if the trade of the East India Company is conducted on true  
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commercial principles, they can afford to be the carriers both of European and Indian goods cheaper than any individual merchant or trader can on his own private capital.

“ In this view of the question, the proposition seems reasonable on both sides: For, if the exporter of British goods, and the importer of Indian raw materials, can accomplish both objects at an expence more moderate than he himself can afford to do it, he can have no reason to complain of the Company's monopoly. And on the other hand, if the East India Company do not contribute their aid to those essential objects, by furnishing freight at a cheaper rate than any individual can do upon his own bottom; it is a proof that the allegation of the Company's trade not being conducted upon the true principles of commercial œconomy, is better founded than I am at present disposed to believe it to be. I am aware that there may be difficulties in the execution of this proposition, even admitting the principle to be a just one: But these are more properly

perly the subject of future conference. I am satisfied the difficulties are not insurmountable, and I am sure it is the duty, and it must be the inclination, of the East India Company to smooth, to the utmost of their power, every difficulty that may occur in this essential part of any future arrangement."

The purport of Mr. Dundas's letter no sooner went abroad, than the stock rose from 179 to 195; for all thinking men concluded the whole business was finished, *as every reasonable expectation of the Company had been anticipated.*

In the Court's answer, however, of the 21st of February, it will appear that, although they acknowledge the very candid and liberal manner in which Mr. Dundas has given his opinion, they yet are only ready to *receive* all that he proposes for their benefit, without shewing an inclination to concede on their part what he conceives to be absolutely necessary for the purpose of transferring the clandestine trade, from foreign ships and

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foreign



foreign ports, to the Company's ships and the port of London.

They, in the first place, refer to their reports, as laid before the House of Commons in this session, on the export trade, to prove that the advantages arising from continuing the strict monopoly must be greater than a well-regulated monopoly. On a reference to these reports, it will be found that they say "they have exported a sufficient quantity of goods to supply India;" *on the contrary, we assert that they never had supplied one seventh part of the goods exported to India, and we refer for the illustration of this assertion to a document annexed, wherein the exports of the different nations of Europe are accurately stated, and with which we have been favoured from unquestionable authority. "That the consumption of European goods, owing to the religion and habits of the natives, could not be materially increased;" on the contrary, it is notorious to all the world, that it has been, and continues, in a rapid progressive state of increase. "That the consumption*

tion of woollens, an article which the Company had ever amply supplied, and which had engrossed their unremitting attention, had fallen off much in India of late years, and was still declining." *On the contrary, it appears that the consumption of this article had certainly been in a progressive state; and although the Company, from being for many years in the habit of neither sending the quantities indented for, nor the qualities described, had forced great part of the trade into other hands, they still had sold more in the last ten years, ending in 1790, than in the ten years ending in 1780; as appears by the Company's records.*

These reports are ably drawn up, if meant to silence those unacquainted with the subject; but otherwise, to the informed, there appears so very limited a knowledge of the export trade to India, particularly of that carried on by foreigners, clandestine traders, captains of the Company's ships, and so limited a knowledge also of the demand in India for European goods, as is really unaccountable. They moreover seem to have taken much

pains to prove that they had always lost largely by the export trade.

In short, from this latter assertion, and many others equally unfounded, no papers could have been produced so well calculated as these reports are, to prove the bad consequences resulting to the state from their exclusive monopoly of the Indian trade, *unless properly regulated*, on the principles early suggested in Mr. Dundas's letter of the 16th February last. The Committee of Correspondence seem to shew in their answer, that they have no intention to make concessions, as appears from their own language in page 14, No. 1. of the printed papers, *viz.*

“ The ideas suggested by Mr. Dundas will require a more correct definition and explanation on almost every point: In their present form they go to the full extent of depriving the Company of their exclusive trade; whilst the Company are expected to provide freight for the merchants and manufacturers at a rate cheaper than they can procure it elsewhere.

“ It



“ It is sufficient merely to state these facts, in order to satisfy Mr. Dundas that the Court of Directors *never can recommend, and that the Proprietors never can accede to, either of these propositions*, in the general manner in which they are stated in Mr. Dundas's letter.”

They are of course, in their first answer, almost completely at variance with Administration upon the points which the latter require.

They propose to supply eight ships, for the merchants to send out exports, at 10l. per ton, but with the exception of naval and military stores.

It will appear afterwards that they did not stop here, but changed their ground, and objected likewise to copper, then to all metals, to pitch, tar, masts, &c. &c.

An appearance of accommodation seems to have been aimed at in an advertisement in the newspapers relative to these eight ships. Freight  
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was offered at 10l. per ton, after excepting against the only articles that could be supposed worth sending, and at a period well known to be too late to provide goods.

Now can there be a man, pretending to the least knowledge of exports, who does not know that these articles *excepted against* were in reality the only material articles of export, and that no cargo could be made up without them? Such an offer made to the merchants, what shall we say of it? That it arises from ignorance; or is it insult added to injury? We will affirm neither; our wish is to heal. But independently of such considerations, if the merchants had been allowed to export what articles they chose, no trade could be carried on in exports to India, unless as an aid to the imports from thence; for the connection between the two is this :

On goods from India to Europe, the merchant of India, let it be supposed, gains twenty-five *per cent.* So if he loses ten *per cent.* in remitting his

his money back in European exports to India, which, after paying commission, interest, and insurance, amounting to about fourteen *per cent.* is no uncommon case, he still gains by the general adventure, fifteen *per cent.* The profits on imports, therefore, form the grand inducement for exports to India, and of course as the imports from thence are allowed to increase, the trade in exports from Europe will increase in a certain relative proportion; and without this we can have no reason to expect a rapid increase of it. The Committee, in their answer, are so tenacious of their monopoly, that they refuse even the liberty to our manufacturers of importing raw materials; but as an accommodation, they propose granting bills from India, on Europe, at 2s. the ct. rupee.

The fact is, that bills to a great amount are now annually wanted *on* India, and not *from* it. Besides this, owing to the discount on the Company's bonds abroad, of from eleven to fifteen *per cent.*; a purchaser of them has had it in his power for some years past, by exchanging them for  
long



long bills at the established rate of 1s. 11d. *per* ct. rupee, to realise here 2s. 1d. to 2s. 2d.; of course, even if bills were wanted, the exchange of 2s. would be no inducement.

It is clear then that this could be no accommodation to the merchants or manufacturers, nor in the smallest degree tend to draw the trade, now illicit, to the port of London.

The rate of freight, or 10l. per ton on exports, which they say is lower than the rate of Ostend, certainly is higher than the freight there or any where else in Europe. The freight established by the Dutch, on their regular ships, is 6l. per ton.

They take it for granted, in this report, "That the separate fund or cash of the Company, about 474,094l. which belongs solely to them, will remain as their property, and form no part of the present arrangement." This by no means appears unreasonable, provided they were at all reasonable

themselves; but their attention seems fixed entirely on all they term their own rights, without a regard to the rights of others. When they answer relatively to the claim of Government to the territory, they say "The Court are neither surprised nor alarmed at the suggestion relative to the claim of the public to the territorial revenues, notwithstanding the very respectable authority of Mr. Dundas ; as they are, and always have been, ready to discuss the Company's *superior* and *undoubted* right to those territories, which have been acquired by the exertions, and at the expence, of the Company, authorised for that purpose in a correct and distinct manner, under the most solemn charters, and since maintained through successive wars, at the hazard of the whole of their capital: But as the proposed arrangement, sanctioned by the opinion of all parties, and of the public, will leave the territory in the hands of the Company, subject, as at present, to the control of the board of commissioners, their rights and privileges will be reserved to them entire, and thereby any farther discussion on this

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subject

subject becomes unnecessary. In respect to the Commutation Act, the Court entertained a doubt whether Mr. Dundas has viewed this subject in so comprehensive a manner as he is accustomed to view all others." Without entering into the merits or demerits of the claim, it must be owned that in this and in other parts of their answers, there is a controversial, tenacious air, which is not calculated to recommend even truth, nor the most suitable to the character of petitioners.

On the 25th February Mr. Dundas brought his budget before the House, in which was a statement of the Company's affairs, as drawn out by the Court. The estimated annual surplus of the revenue they rated at - - £ 1,621,050

And the amount received in India	}	350,000
for sale of imports, and certificates		
for officers privilege, at - - -		

Surplus at the disposal of the	}	£ 1,971,050
Governor-general in council		

In these they certainly did not mean to over-value any thing. Their sentiments of revenue would



would be too extensive a field to enter upon; but as in the sale of exports there can be no intricacy, we shall just touch on the loss they make to arise on them. The cost of goods and stores has lately exceeded to India *per annum* £ 400,000

And the amount received for certificates, as by appendix to the budget, G, on an average of five years, ending in 1790-1, was	}	46,140
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And as, from the preceding statement, they only value the sale of these exports and cash received for certificates together, at 350,000l. they thus appear to have lost 100,000l. *per annum* on their exports of 400,000l. : If this was really so, how can we account for their wishing to continue such a losing monopoly? One fact we certainly have before us—that from the commencement of their reports, No. 1, 2, and 3, on the export trade, to the end of them, they insist that they have lost largely every year by the exports, and furnish a variety of statements to prove it. This is corroborated by the present statement

given in by Mr. Dundas in his budget, in which they make their loss 100,000l. on 400,000l. Now if it be true that the Company lose 25 *per cent.* upon their exports, whether charging them with commission and interest or not, and if private traders lose, not even, with those expences and insurance accumulated, more than ten *per cent.* if so much; if private adventurers, in short, do not lose twenty-five *per cent.* which we pronounce to be impossible, because with such a loss the clandestine trade must long since have ceased; then we may certainly conclude that there has been mismanagement in this branch, and that the exclusive trade, in as far as it has been carried on in exports, has been severely prejudicial to the interest of the Company.

Mr. Dundas knowing that, if he erred in taking their statement of surplus, it would be erring on the safe side, made his appropriation of the amount only according to their statement, and after providing for the interest of their debts, for ten *per cent.* dividend on their capital (as intended to be increased

increased to six millions), and 500,000*l. per ann.* for the liquidation of the principal of their debt; he then proposes the residue to be given to Government, to the extent of 500,000*l.* if so much remain, and if more, the surplus to be lodged with Government, as a sinking fund for the security of the proprietors. The operation of his appropriation appears in letter N of the budget.

On the sixth of March it appears, in the printed paper, No. 2. that the Court petitioned Parliament for a renewal of their exclusive charter, and on the twelfth, that a Committee of Correspondence had had a conference with Mr. Pitt and Mr. Dundas, of which the committee make a report on the 18th to the Court. The great points which the committee mark to have formed the substance of this conference appear exactly consonant to the tenor of the first letter of the 16th February, from Mr. Dundas, and are thus noticed by the committee, in page 9, No. 2. "They (the Ministers) appear to be impressed with a desire of



extending the exports and imports *to* and *from* India, including those of private trade, by all possible means.

“That the exports from Europe should be combined in a certain degree, more or less, with the import of goods from India.

“That measures should be adopted to convert the clandestine trade into a fair, regular traffic, through the medium of the Company.

“And that the charge of seven *per cent.* which the proprietors of private trade pay to the Company at present, should be moderated.”

The next letter we shall touch on, as being singular, is from the Chairman to Mr. Dundas, dated the 21st March, being the first letter in No. 3. He is directed, he says, to suggest, that they “neither think it reasonable nor just to reduce the charge on private trade below five *per cent.*”

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In the Court's report of the 21st July 1791, in which they deeply investigate this subject, they make the charges to cost them two *per cent.* Now Mr. Dundas proposed to allow them three *per cent.*; but "they think it would be neither reasonable nor just to take less than five *per cent.*" for what costs them two *per cent.*

The Chairman goes on to say, "that the Company had proposed to accept of 2*l.* freight out and home, to facilitate every reasonable expectation, not only because it was less than it cost the Company, but also because individuals paid more at Ostend; but if a further sacrifice was necessary, the committee would recommend to take 2*l.* in peace, but not in the proportion of 5*l.* out and 15*l.* home; for, in such case, individuals, after paying 5*l.* out on the Company's ships, would bring their returns from India in foreign ships, if a cheaper freight should offer, thereby furnishing substantial means for extending the clandestine trade, which all parties were desirous to suppress."

Now

Now in a former part, already mentioned, they say that 10l. per ton out is less than is paid at Ostend on exports (of the value probably of 50l. or 60l.); then from whence draw they a conclusion, that these ships would bring goods home, valuing from 500l. to 600l. per ton, at a less freight than 15l. ? Besides, did they not know that there was a difference of one *per cent.* in the insurance, equal of course to 5l. or 6l. per ton, after allowing for which, they must know that 10l. on a foreign ship cost a merchant equal to 15l. upon a Company's ship ?

When we weigh this with the thorough investigation made in the Court's report of 21st of July 1791, and in a former report equally well drawn up on freight of privileged goods, where they determine " that the freight paid by the Company on all their piece goods amounted to 51l. per ton, it is not easy to suggest why they should apprehend that foreign ships would bring similar goods under 15l. per ton.

On the 22d, Mr. Dundas enclosed to the Chairman suggestions on the subject of the clandestine trade,



trade, in which a clause was inserted, proposing to remove certain restrictions in the act of 1781, which did not answer the design of prevention, but became the occasion of immoral deviations and of disregard to the laws.

To reserve to the Company the exclusive right of exporting marine stores (which was among the suggestions), as masts, spars, cordage, anchors, pitch, tar, and also the right of exporting copper, was going a great way indeed to indulge them; for this gave them the exclusive supply of that which they never had yet supplied India with, and most probably never would. Of two thousand tons *per annum* of the article of marine stores alone consumed by the country ships in India, the Company, on investigation in 1791, had never supplied two hundred tons: Indeed, so far from it, that their own marine was in a great degree supplied by clandestine traders.

We then come to a Memorial which, on the 25th of March, the Chairman ushered into the Committee of correspondence from gentlemen, who, he said, subscribed themselves, " A Com-

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mittee

mittee appointed by several mercantile houses, acting as agents for the East-Indies." The official letter which accompanies it from the committee, consisting of three of the most respectable houses in London, *viz.* Messrs. Muilman and Co. Boehm and Co. and Raikes and Co. does not appear, nor indeed, was it brought forward afterwards in the general court. Why this sort of mystery should be observed with an official letter, which ought to be as public as the day, is unaccountable. The first remark the committee make is, " that the Memorialists *avow themselves* to have set the laws of this country at defiance, and to have been agents in carrying on an illicit trade; although, in the seventh paragraph of their reasons in support of their Memorial, they very pathetically reprobate a disregard to the laws of this country, as a practice that has a degrading effect upon those who embark in it."

Now, very unfortunately for the Committee of Correspondence, this Memorial is afterwards printed by order of the Court of Directors, and *there is not one word in it tending to such an avowal.* In the answer of the Committee of Correspondence,

dence, they appear in like manner to misapprehend the Memorialists meaning almost throughout, nor do they seem, in any one part of it, to invalidate a single argument advanced.

The Memorial in fact has much the same tendency as the other petitions, which appear from different public bodies, for giving more facility to the commerce between Britain and India, and only differs in the following points:—As large proprietors, the Memorialists are attached to the Company's real interest, which interest, from the substance of the Memorial, they seem to have studied with success: In consequence of this, it appears to be their wish that the Company should remain in possession of every exclusive privilege which can be useful to them, and not detrimental to the state.

Their principal aim avowedly is, and really appears to be, "to annihilate completely the clandestine trade, and bring an equal trade in a legal way into the Thames;" and they certainly



do point out the most effectual means for these ends.

An impartial reader of that Memorial, and of the Court's answer to it, who was a complete judge of the subject, would most probably view the Memorialists as the greatest enemies the clandestine trade could have, and the Court of Directors the steady, though perhaps unintentional, supporters of it.

The Memorialists have the advantage of cool dispassionate reasoning also; whereas the Court, from their first setting off, seem to be very intemperate, as if they were attacked in their just rights by a set of smugglers.

As the writers have given a sort of explanation of their Memorial, in consequence of the Court's misapprehension, we need say no more on the subject, as it will, no doubt, be published by the Court, and so speak for itself.

There

There are certain principles in commerce which are so well known, and which repeatedly appear in these papers, that it would be superfluous to mention them here, were it not that the Court has entirely overlooked them, and has objected so strongly to giving the great mercantile interest of Britain the freedom required for it, which has appeared to be the only object that Administration could not give up.

One of these principles is, "That, provided the same quantity of India goods must be imported annually into Europe (and this the Company cannot prevent), the greater the quantity and the greater the variety which can be brought to any one port, the sales not only of these India goods at such port must be proportionally higher than at any other port, but the demand also of all other goods must likewise increase; for the increased number of purchasers, which such a variety of India goods must bring, cannot confine their purchases to any one sort of goods."

Another

Another position is, " That no mercantile body trading on their own capital, and paying interest and insurance, can rival a similar body trading upon a capital on which they neither have to pay interest nor insurance, provided the management is equally good."

We would apply this fairly to the state and circumstances of the Company, without straining it beyond its proper import. We admit that private traders may enhance the prices of India commodities at the original markets; but they cannot possess themselves of the Company's aurung establishments, nor of a gratuitous capital. If they injure the Company, they must injure themselves more; they cannot maintain a competition against them; the territorial revenues must weigh down all opposition, and the sources of these are fed afresh by every enhancement of the prices of those commodities which the territories furnish. We do not wish that any disturbance should be given to the Company's purchases abroad; means, we think, may be taken to obviate that consequence; but it is  
easy



easy to see that, in the affair of competition, the Company are not only incomparably the stronger party for carrying it on, but the party that will gain *as sovereigns*, by their own loss and the loss of others *as merchants*. No alarming apprehension, therefore, ought to be entertained from this quarter.

Having stated the substance of what passed in negotiation respecting the clandestine trade, and entered into some discussion of the merits of that question, we are next led to the claim advanced by the British manufacturers, "that the wear of Indian muslins and calicoes should be prohibited in this country;" and this subject, though in our humble opinion important, lies in a small compass. The Court of Directors, in their minute of the 25th of March, had actually conceded this point to the manufacturers: The minister, however, apparently aware of its consequence to different interests, was not so ready to yield it, had expressly left it open in his letter of the 26th of March; and the general Court of Proprietors which met on the 28th, alarmed at the aspect it

had on their affairs, resisted it with far more earnestness than they have shewn in the question of the clandestine trade. How does Mr. Dundas then stand at present with respect to it? In the very letter which conveyed the proposed prohibition, he says, "I am aware that matter will, at the instance of those immediately interested, undergo a farther consideration; and as I am perfectly persuaded, on the most mature consideration I can give to the subject, that those who urge the request are acting in too narrow a view of it, I think it highly probable that part of the question may admit a revision, with the acquiescence of the gentlemen who have pressed it upon us." Is any thing more wanting to explain the state of this affair? Are many words necessary to shew that in fact there is no contest here, that the Minister is with the Court of Proprietors, and that, having already declared themselves upon it, they will in the issue receive due satisfaction concerning it? Let us beware therefore of aggravating our differences into a mass, by throwing among them things that in fact constitute no part of them. Of this

this description is the present subject, and the proprietors have reason to congratulate themselves, that it is not in reality a matter of serious contention.

There are three other points relative to trade in dispute between the Court and Mr. Dundas. These are, first, Whether the freight of privileged goods sent by individuals on the Company's ships, agreed to be in all 20l. per ton, shall be charged in the proportion of 5l. on the *outward* bound goods, and 15l. on the *homeward* bound, as he thinks would be best; or in the proportion of 8l. outward, and 12l. homeward, as they require? Secondly, Whether the Company's charges on those goods shall be three *per cent.* as he proposes, or five *per cent.* which the Chairman contended for? And, lastly, Whether, among the merchandize so privileged by the Company with tonnage in their ships, *piece goods from India* shall be included?

Now, it may be very well to pay a just attention even to minute things; but shall such

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trivial



trivial points as these be the occasion of serious disagreement, and frustrate or obstruct a negotiation, which involves the fate of the first commercial body in the world, and most materially the welfare of this nation and of all Indostan? It is astonishing that any colour should be afforded for making this a question. In reality the Directors appear to be arguing against the interest of the Company, since the probability of a continued large importation from India to England is far greater than the probability of a continued large exportation to India. But what, if it should prove otherwise? and the Company should have 3*l.* per ton less than they require on outward bound goods, counterbalanced by 3*l.* more than they require on the homeward bound?—What if (contrary to probability) something should be lost by this arrangement, would it not be better to submit to the loss, than to put off the settlement of the charter and the parliamentary confirmation of our expected ten *per cent.* another year, and perhaps for ever? Is it for such points as these that we are to quarrel with an Administration

ministration which laid so liberal a basis of negotiation? As to the *charges* on privileged goods, it need only be said, that the Court, in contending for 5 *per cent.* are confessedly contending for a profit; and the design of the minister is, by holding forth all practicable inducements to the British residents in India, to destroy the clandestine trade, and bring their consignments to this country.

With respect to the third article, the exclusion of piece goods from the merchandize which individuals shall be permitted to send home, it may suffice to say, *that this is a new requisition* on the part of the Directors. For the seven last years, this permission has been constantly accorded when the Company had any freight to spare; *and if the great Indian staple of piece goods is to be excluded from the private imports into Britain; what is this, in other words, but still upholding the clandestine trade?* If that article is not allowed to come to England, it will go, as it has too much done for a number of years past, to all the ports of the continent;

and the other measures now brought forward for abolishing illicit traffic will be frustrated. It must be once more repeated, that the consumption and demand of Europe for India commodities will not be lessened by any restraints we lay on *our* importations, and it is most of all needful, when we propose to encourage an increased exportation from this country, that we should enlarge the means of return in proportion. To increase our exports by means of individuals, and, at the same time, narrow the former channel of private importation from India, what is it but an effectual contrivance to throw more than ever of the valuable trade in piece goods into foreign and irregular channels? The Directors say, that "if the piece good trade is opened, it will be impossible to guess how far speculation may go, in extending it to very ruinous lengths," so as (according to their subsequent expression) to "render it impossible for the Company to liquidate their political debts, still less to furnish the proposed participation to the public." But *is not* the piece



good trade *now open*?—Has it not been open these seven years? If any thing new were proposed, a fear of speculation might indeed be pleaded; but this is an old business, a thing already practised; and has it hurt the Company's sales? Do they find a progressive decrease, or a progressive increase, in the profits of their piece goods for some years past? Besides, will private speculations, that are unprofitable, long continue? And if they prove advantageous, will not the Company also gain? And what, after the utmost efforts that can be used, are the whole of the profits on the Company's piece goods, that any possible variation in that article should materially affect the resources of the Company, or the participation founded upon it; which, after all, is to fail first, with respect to the *share of government only*, if it fails at all? We earnestly deprecate, therefore, *this new measure of restriction*, well intended, we shall readily admit, but very unhappily conceived for the interests which all parties wish to promote.

One

One more point remains to be noticed, which turns rather upon the construction of what has already passed, than upon an original difference in principle. It was understood that, out of the 1,200,000*l.* calculated to be the annual surplus of the Company's affairs, an increase in the dividend of two *per cent.*, making in all ten *per cent.*, should be allowed to the proprietors; 500,000*l.* more paid in liquidation of debt, and 500,000*l.* more, or any surplus that remained, not exceeding that sum, to Government.

The resolution proposed by Mr. Dundas touching this article, bears, that, if the profits of the Company in any one year shall not suffice for the payment of 500,000*l.* to Government, the deficiency shall be made good from the surplus that may remain in any other year, after providing for the payment of dividend and of debt as above mentioned. The Court observe hereupon, "that to make good this sum at all events, and create any deficiency as a debt, may be ruinous to the Company, and goes beyond any fair expectation  
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of the public, which ought not to exceed the Company's annual ability."

Now, the Administration and the Company both agree, that if, after the other specified provisions, the Company's surplus can afford 500,000l. annually to the public, the public shall have it. Then if the Company, after furnishing the other allotted payments, have in one year a surplus of only 300,000l., and, in the next, a surplus of 700,000l., is it to be understood that, in these two years, Government shall receive only 800,000l. although, in fact, the Company have a surplus of 1,000,000l.? Would this fairly and substantially fulfil the sense of the first agreement between Administration and the Directors? And in what manner are we to understand that the claim of Administration *turns deficiency into a debt*? Is it a debt upon the general property of the Company, or a debt only upon a certain contingent surplus? The last merely, and the debt is no otherwise claimable than on the condition that the Company do actually realise such a surplus.

We



We see, therefore, no possibility of this claim's becoming "ruinous to the Company," since it is founded solely upon a computation of profit; and the failure of this computation is a discharge to the Company\*.

After reviewing, then, every point of any importance, which has been the occasion of disputation between Administration and the Court of Directors, we see none resolvable into a settled

\* Indeed, when it is well considered that any participation by Government is wholly suspended on a contingent fund, whence also other large allotments are first to be satisfied, it must be allowed that this gives the nation an additional claim to the entire sum stipulated for it, if that fund can make it good.

The liberality of Administration also appears in the disposal of the surplus remaining after the appropriations already mentioned, and after the Company's debts are reduced to 3,000,000*l.* in India, and the bond debt at home to 1,500,000*l.* viz. one sixth of the surplus they propose to go in increase to the dividend on the Company's stock, and the other five-sixths, though to go to Government, *are yet to rest with them as a collateral security for the Company's stock and their dividends.*

difference

difference of opinion, except those which relate to the private and clandestine trades; and even with respect to these, only the articles which are trifling, such as the allotment of the agreed rate of freight, and the difference of two *per cent.* in the charges, remain matters of contest; for, with regard to the more important questions of bringing the trade, now clandestine, to the port of London, all parties declare for it: And, with regard to the only other question remaining upon this subject, whether British residents in India shall be permitted to receive commissions from foreigners, the Committee of Correspondence have given an opinion upon it, which, in our humble conception, may serve as the basis of regulation respecting this matter: "The Committee are persuaded, under the circumstances they have stated, that any permission to be extended to foreigners, or their trade, will be confined to India: That no person shall be permitted to act as an agent to foreigners, or others, who is not under covenants to the Company, and under the entire control and authority of the governments in

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India:

India: That no British agent shall be suffered to lend, on advance, money for the benefit of foreigners in trade; nor to trade themselves to any place whatsoever on this side the Cape of Good Hope, except to Great Britain: And, finally, that such agents shall not be permitted to interfere at the Aurungs in the purchase of piece-goods."

It appears extremely proper that the Company's power of licensing and controlling all British subjects in their territorial possessions should be continued; and that all existing acts and regulations, *legislative or local*, touching the residence of such subjects, and the mode of conducting manufacturing and aurung business in the country, should remain in force.

Here likewise, therefore, there is, in fact, nothing essential to adjust; and it appears astonishing that a matter of such little real importance as the proposed alteration in the act of 21 George III. respecting intercourse with foreigners, should have

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become



become the ostensible cause of alienation between his Majesty's Ministers and the representatives of the Company. That act had its origin on the last renewal of the charter in 1781. It was apparently intended to prevent the assistance of British subjects from extending, in any possible way, to the trade of European foreigners in India or Europe. It is universally notorious that the act has not answered its end. Some, indeed, have respected the authority, though they saw the impolicy, of the law. The servants of the Company, more especially those distinguished by their character or trust, have moreover been actuated by a sense of honour in respect to themselves and to their employers. But they were the very persons in whom a power of dealing with foreigners could most safely have been vested, because superior ties of interest, reputation, and attachment, would still have maintained in their minds a due regard to those interests of the Company, to prevent the apprehended sacrifice of which, the restrictions in question were framed. Others, either not under the same covenants, or not entirely under the same influences, have always been found to act as the agents of fo-

reigners, and the clandestine trade has greatly increased since the act was passed. Foreigners find no difficulties; the act is daily trampled upon, and the consciousness of transgressing, in one instance, the example exhibited to the world, of transgressing with impunity, tends to diffuse a spirit of irregularity and license unfavourable to morals and to society.—Now what can be more natural and proper than to advert to this state of things upon the formation of a new charter? Would it have been right to have passed over without regard an inveterate disorder, growing with time still more inveterate? If the law is good, and if it can be rendered effective, let it by all means be enforced. The policy of the law has been strongly denied by persons who ought to be competent judges; but all agree that, after an experience of twelve years, it proves ineffective, nor does any one expect that it will hereafter be better enforced than it has been. Shall it then be continued merely to be slighted, when all hope of its answering its professed design is gone, and when it only serves to injure men's minds? No answer to this capital objection

tion has been attempted on the part of the Court of Directors. But if this objection be indeed founded, what are they contending for in their violent resistance to the repeal of this law? Are they combating against a *new evil*, which only the abrogation of this law will introduce; or are they flicking about the dead letter of a statute, conscious that the reality of the evil already exists, and that this statute is efficacious to no end but those detrimental consequences already stated? If this be so, ought it not to be done away, and other means used to accomplish its design? These means are indeed already agreed upon in the scheme of bringing the trade, now clandestine, to the port of London: Surely, therefore, the point here in question is not a cause for which the Company would chuse to hazard, or to postpone the renewal of their charter, with all the benefits suspended upon it. And as in fact there appears to be no solid obstacle to the prosecution of the negotiation, let us hope that it will go on without further delay, and soon be happily terminated.



# APPENDIX.

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## EXPORTS *from* EUROPE to INDIA.

THE Exports of Europe to India are annually about 37,454 tons, and may be classed under the following heads :

First : *Foreign Companies*, viz.

Dutch, French, Danish, Portuguese, regular ships,	-	-	-	-	18,048 tons
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Second : *Clandestine Trade*.

English commerce carried on under foreign flags,	-	-	-	-	10,255
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Third : *Private Trade*.

In English Company's ships, carried by commanders and officers licensed and unlicensed, on an average of ten years to 1790,	-	-	-	-	4,258
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Fourth : *English Company's*.

On an average of the last six years, ending in 1790; during which period their exports have been increased beyond that of any former period :

Goods for sale,	2748	
Stores,	2145	
	<hr/>	4,893

Annual European Exports to India,	<hr/> 37,454 tons.
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THE END.

